

medicaid
and the **uninsured**

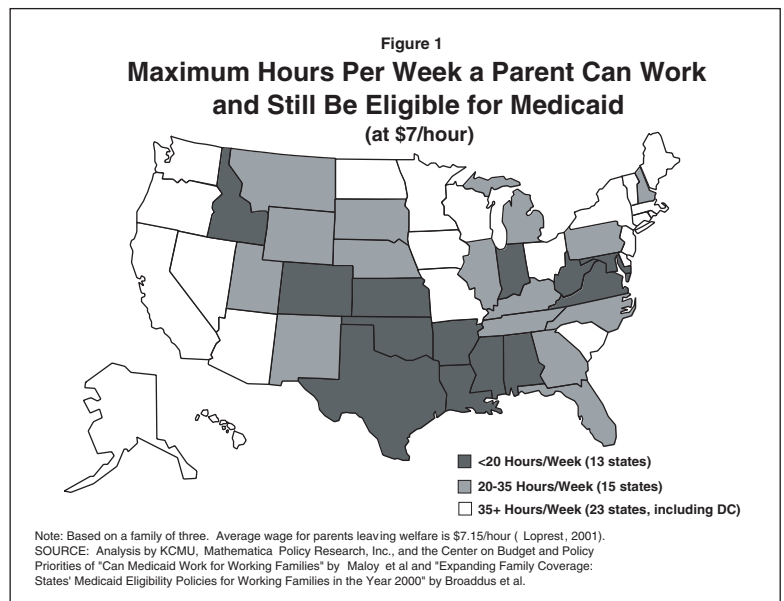
June 2002

**Low-Income Parents' Access to Medicaid
Five Years After Welfare Reform**

The 1996 federal welfare law transformed the basis on which low-income parents qualify for Medicaid coverage by breaking the historical connection between cash welfare and Medicaid eligibility for low-income families with children. This “delinking” of welfare and Medicaid eligibility was adopted to prevent new, stricter welfare rules from causing families to miss out on Medicaid coverage and to allow states to provide Medicaid to low-income working parents with little or no connection to a welfare program. Health coverage of parents boosts coverage of children, reduces unmet medical needs and increases the likelihood of having a regular source of care for parents and children, and is associated with lower absenteeism and increased productivity at work.

In the aftermath of welfare reform, more than one in three states (20 states, including the District of Columbia) now extend coverage to working parents with income at 100 percent of the poverty line or higher. Nearly all of these states also have elected to transform their application process for low-income working families so that children and parents can apply for coverage using a single, simplified application form.

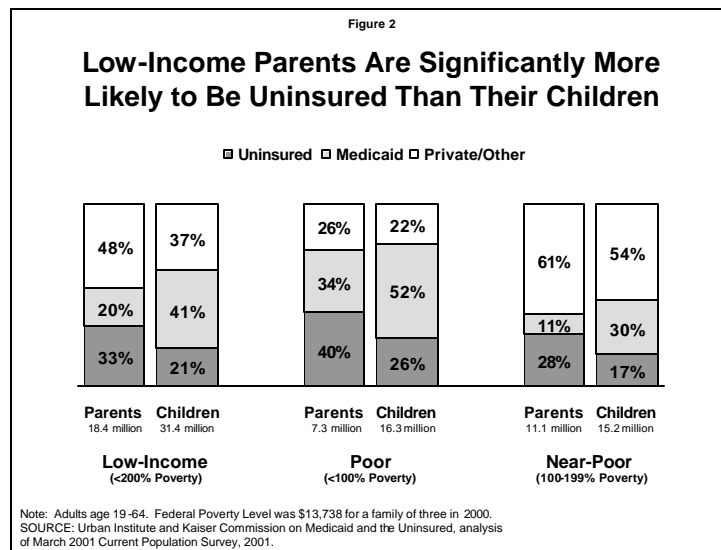
In 31 states, however, parents still must have income below the poverty line—and, in most cases, well below the poverty line—in order to qualify for health coverage. In 28 of these states, a working mother with two children who makes \$7 an hour will be ineligible for coverage if she works full time (35 hours or more per week) (Figure 1). Most of these states also continue to require parents to go to a welfare office or to use a Food Stamp /TANF/ Medicaid form to apply for Medicaid, contributing to the impression that Medicaid remains a welfare-related program rather than a health insurance



program that can help families whether or not they may be receiving welfare.

As a result of these rules for parents, it is difficult or impossible for many low-income parents, particularly those who work, to secure Medicaid coverage in the majority of states. One exception is that states are required to provide up to one year of transitional coverage to families who have become ineligible for regular Medicaid because of earnings, in many cases because they have left welfare for work. This federal requirement, however, is slated to expire on September 30, 2002.

In contrast to coverage of parents, all states now extend Medicaid or SCHIP coverage to children in families with income at 100 percent of the poverty line or higher, and 40 states (including the District of Columbia) extend coverage to children in families with income up to 200 percent of the poverty line or higher. In addition, nearly all states also have developed simplified, mail-in application forms that families can use to apply for coverage on behalf of their children without a visit to the welfare office. In large part due to the differences in the eligibility and application rules that apply to parents and their children, the parents in low-income families are far more likely to be uninsured than their children. Even though children are less likely to have employer-based coverage than their parents, they are twice as likely to secure Medicaid or other publicly-funded coverage and, thus, at significantly lower risk of being uninsured. In 2000, 6 million low-income parents (below 200% of poverty) were without health coverage. Among low-income families, one in three parents lack coverage compared to one in five children (Figure 2).



Much of the difference in the extent to which children versus parents qualify for Medicaid and other publicly-funded coverage relates to federal requirements and fiscal incentives. The federal government requires states to extend Medicaid to children at significantly higher income levels than their parents, and has given states options and fiscal incentives to expand coverage for children beyond federal minimum standards. It also requires states to allow children to apply for Medicaid coverage at selected locations

outside of welfare offices. In contrast, federal law has established relatively low minimum income thresholds for parents and, while states have the option to expand beyond these thresholds, states do not have the same fiscal incentives as are available with respect to children to extend coverage beyond minimum levels. States are also not required to give parents the option to apply for coverage in settings outside of welfare offices.

Federal Rules Governing Parents' Eligibility for Coverage

When federal lawmakers eliminated the historical connection between eligibility for welfare and Medicaid in the 1996 federal welfare law, they replaced it with a “family coverage category” in Medicaid. Under the family coverage category, states, at a minimum, must extend Medicaid to families who meet the income, resource, and family composition rules in place on July 16, 1996 in their AFDC programs. States also can expand coverage for families with children beyond these minimum requirements. The vast majority of children in low-income families that meet the eligibility criteria for the family coverage category also qualify for Medicaid on other grounds. Thus, the family coverage category is significant primarily because it usually determines the extent to which parents in a state are eligible for Medicaid.

States have the flexibility under federal law to set income and resource thresholds for family Medicaid coverage at levels above those used in their old AFDC programs; to adopt more generous rules for disregarding (i.e., not counting) some of a family's earnings to extend coverage to more low-income working parents; and to dispense with family composition rules that make it harder for two-parent families to qualify for coverage.

States also can expand Medicaid for parents using other options, including most notably “Section 1115 waivers.” Under these waivers, states can secure Medicaid matching funds for expansions that do not necessarily meet all of the benefit, cost-sharing, and other standards required by federal Medicaid law. Some states also have relied on

Key Federal Rules Governing Parents' Eligibility for Medicaid

Under federal minimum requirements, states must:

- Extend eligibility to families that meet AFDC income, resource, and family composition rules from July 16, 1996.

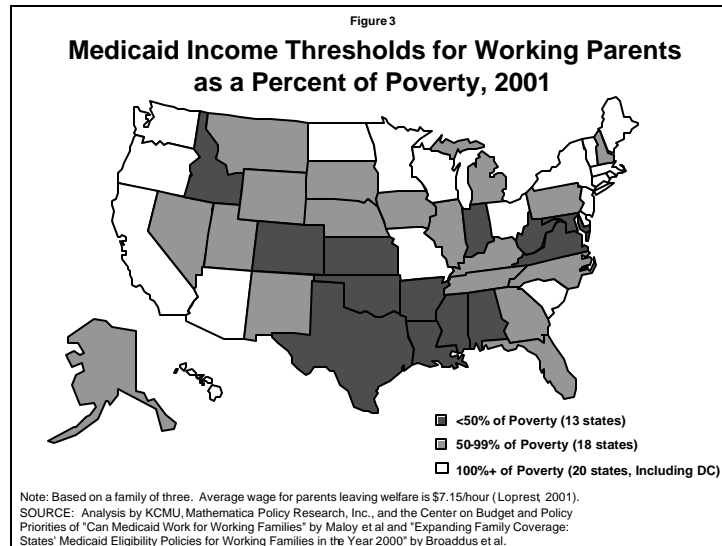
Under federal rules, states have the option to:

- Expand eligibility for parents by increasing income and asset thresholds for parents above old AFDC levels
- Dispense with family composition rules that make it particularly difficult for two-parent families to secure coverage
- Adopt more generous rules for disregarding (i.e., not counting) some of a family's earnings to extend coverage to more low-income working parents
- Apply for waivers to expand coverage for parents using Medicaid and/or SCHIP funds

Section 1115 waivers to use their State Children’s Health Insurance Program (SCHIP) funds – which otherwise can only be used to cover low-income, uninsured children -- to finance the cost of parent expansions. When possible, states generally use SCHIP waivers to expand coverage for parents because SCHIP matching funds are available to states on more generous terms than Medicaid matching funds.

Medicaid Income Levels for Parents

As of June 2001, 20 states, including the District of Columbia now extend health coverage to working parents with earnings at or above 100 percent of the poverty line using the flexibility accorded to them by the 1996 federal welfare law, an 1115 waiver, or, in the instance of Washington State, a state-funded program (Table 1). Along with the District of Columbia, these states are Arizona, California, Connecticut, Delaware, Hawaii, Maine, Massachusetts, Minnesota, Missouri, New Jersey, New York, North Dakota, Ohio, Oregon, Rhode Island, South Carolina, Vermont, Washington (under a state-funded program), and Wisconsin.¹ However, most (31) states continue to tie their Medicaid eligibility thresholds for parent coverage to welfare standards. In these states, parents typically must have income well below the poverty line to qualify for Medicaid (Figure 3).² By comparison, 40 states (including the District of Columbia) have set their eligibility thresholds for children under Medicaid or SCHIP at 200 percent of the poverty line or higher (Figure 4, next page).



¹ Of these states, Arizona, Delaware, Hawaii, Massachusetts, Minnesota, New Jersey, New York, Oregon, Rhode Island, and Wisconsin have expanded coverage using Section 1115 Medicaid and/or SCHIP waivers.

² The information in this section on the amount of income that parents can have and still qualify for Medicaid refers to families *applying* for coverage. Once enrolled in coverage, parents often can experience a modest increase in earnings without losing eligibility for regular Medicaid because of special earnings disregards that many states have adopted for families receiving Medicaid. Moreover, families enrolled in Medicaid who experience an increase in earnings that causes them to lose their eligibility for Medicaid under the family coverage category are eligible for up to a year of Transitional Medical Assistance.

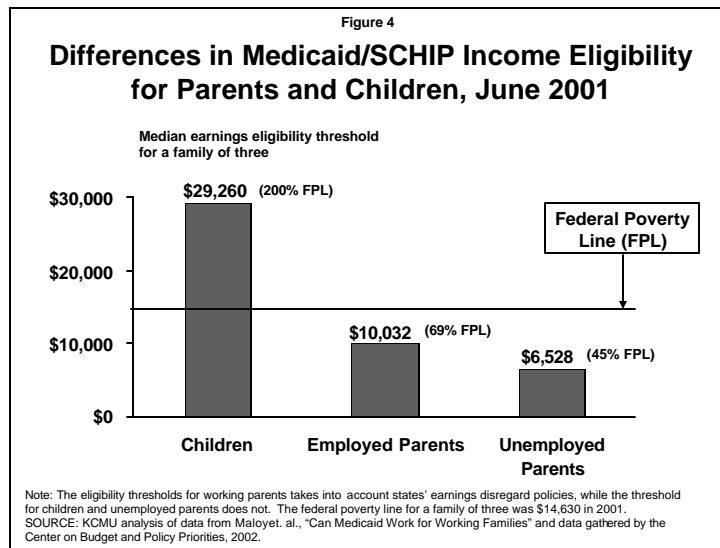


Table 1 (see next page) provides information on the income threshold used to determine parents' eligibility for coverage in each state. It shows the threshold that applies to a parent with two children who is unemployed, as well as the threshold that applies to such a parent if he or she is working. The difference in the treatment of unemployed versus working parents arises because states generally have policies of disregarding (i.e., not counting) some of the earnings of working parents when evaluating whether they qualify for coverage. For example, the state of Florida requires a family of three to have income at or below \$303 a month in order to qualify for Medicaid. However, when evaluating a family's income, Florida disregards the first \$200 that a working parent earns, as well as half of the parent's remaining earnings. In light of this earnings disregard policy, a parent in a three-person family can earn up to \$806 a month and still qualify for coverage. Although federal Medicaid law requires states to disregard at least \$90 a month in earnings for families applying for coverage, states also can elect to adopt more generous earnings disregard policies.

As shown in Table 1:

- The median income eligibility threshold for an unemployed parent with two children to qualify for Medicaid is 45 percent of the poverty line (\$6,500 a year for a family of three in 2001).
- In ten states, an unemployed parent must have income below at least 30 percent of poverty (\$4,400 a year for a family of three in 2001) to qualify for Medicaid.
- In three states, Alabama, Louisiana, and Arkansas, an unemployed parent with two children must have income below at least 20 percent of the poverty line (\$3,000 a year for a family of three in 2001) to qualify for Medicaid.

Table 1

**Income Threshold for Parents Applying for Medicaid
(Based on a Family of Three as of June 2001)**

State	Income threshold for unemployed parents			Income threshold for employed parents		
	Monthly Dollar (\$) Amount	Annual Dollar (\$) Amount	As a percent (%) of poverty line	Monthly Dollar (\$) Amount	Annual Dollar (\$) Amount	As a percent (%) of poverty line
US Median	\$544	\$6,528	45%	\$836	\$10,032	69%
AL	\$164	\$1,968	13%	\$254	\$3,048	21%
AK	\$1,118	\$13,416	73%	\$1,208	\$14,496	79%
AZ *	\$1,219	\$14,630	100%	\$1,309	\$15,710	107%
AR	\$204	\$2,448	17%	\$255	\$3,060	21%
CA	\$1,219	\$14,630	100%	\$1,309	\$15,710	107%
CO	\$421	\$5,052	35%	\$511	\$6,132	42%
CT	\$1,829	\$21,945	150%	\$1,919	\$23,025	157%
DE	\$1,219	\$14,630	100%	\$1,491	\$17,892	122%
DC	\$2,438	\$29,260	200%	\$2,438	\$29,256	200%
FL	\$303	\$3,636	25%	\$806	\$9,672	66%
GA	\$424	\$5,088	35%	\$756	\$9,072	62%
HI *	\$1,403	\$16,830	100%	\$1,403	\$16,830	100%
ID	\$317	\$3,804	26%	\$407	\$4,884	33%
IL	\$377	\$4,524	31%	\$686	\$8,232	56%
IN	\$288	\$3,456	24%	\$378	\$4,536	31%
IA	\$426	\$5,112	35%	\$1,065	\$12,780	87%
KS	\$403	\$4,836	33%	\$493	\$5,916	40%
KY	\$526	\$6,312	43%	\$909	\$10,908	75%
LA	\$174	\$2,088	14%	\$264	\$3,168	22%
ME	\$1,829	\$21,945	150%	\$1,919	\$23,025	157%
MD	\$418	\$5,016	34%	\$523	\$6,276	43%
MA	\$1,621	\$19,458	133%	\$1,621	\$19,458	133%
MI	\$459	\$5,508	38%	\$774	\$9,288	63%
MN *	\$3,353	\$40,233	275%	\$3,353	\$40,233	275%
MS	\$368	\$4,416	30%	\$458	\$5,496	38%
MO	\$1,219	\$14,630	100%	\$1,309	\$15,710	107%
MT	\$478	\$5,736	39%	\$836	\$10,032	69%
NE	\$535	\$6,420	44%	\$669	\$8,028	55%
NV	\$348	\$4,176	29%	\$1,097	\$13,164	90%
NH	\$600	\$7,200	49%	\$750	\$9,000	62%
NJ *	\$2,438	\$29,260	200%	\$2,438	\$29,260	200%
NM	\$389	\$4,668	32%	\$704	\$8,448	58%
NY *	\$1,621	\$19,458	133%	\$1,621	\$19,458	133%
NC	\$544	\$6,528	45%	\$750	\$9,000	62%
ND	\$488	\$5,856	40%	\$1,336	\$16,032	110%
OH	\$1,219	\$14,630	100%	\$1,219	\$14,630	100%
OK	\$471	\$5,652	39%	\$591	\$7,092	48%
OR *	\$1,219	\$14,630	100%	\$1,219	\$14,630	100%
PA	\$403	\$4,836	33%	\$677	\$8,124	56%
RI *	\$2,255	\$27,066	185%	\$2,345	\$28,146	192%
SC	\$610	\$7,315	50%	\$1,219	\$14,630	100%
SD	\$796	\$9,552	65%	\$796	\$9,552	65%
TN	\$840	\$10,080	69%	\$990	\$11,880	81%
TX	\$275	\$3,300	23%	\$395	\$4,740	32%
UT	\$583	\$6,996	48%	\$673	\$8,076	55%
VT *	\$2,255	\$27,066	185%	\$2,345	\$28,146	192%
VA	\$291	\$3,492	24%	\$381	\$4,572	31%
WA	\$2,438	\$29,260	200%	\$2,438	\$29,260	200%
WV	\$253	\$3,036	21%	\$343	\$4,116	28%
WI *	\$2,255	\$27,066	185%	\$2,255	\$27,066	185%
WY	\$590	\$7,080	48%	\$790	\$9,480	65%

Notes: (1) These tables take earnings disregards into account when determining income thresholds for working parents. In some cases, these disregards may be time limited. States may also use additional disregards in determining eligibility. (2) States marked with (*) have expanded coverage for parents under an 1115 waiver using Medicaid and/or SCHIP funds, while Washington State has used state funds to expand coverage for parents. Some states, such as Arizona, California, and New York have secured waivers to expand coverage beyond the levels shown in this table, but have not yet implemented their expansions. Tennessee has a waiver to cover parents up to 400% of poverty, but the state currently is not accepting most new applicants unless they have income below the thresholds presented above.

SOURCE: KCMU analysis of "Can Medicaid Work for Working Families" by Maloy et al and "Expanding Family Coverage: States' Medicaid Eligibility Policies for Working Families in the Year 2000" by Broaddus et al. The Commission conducted its analysis of these two studies in conjunction with Elizabeth Schott, consultant to Mathematica Policy Research, Inc., and Matthew Broaddus with the Center on Budget and Policy Priorities.

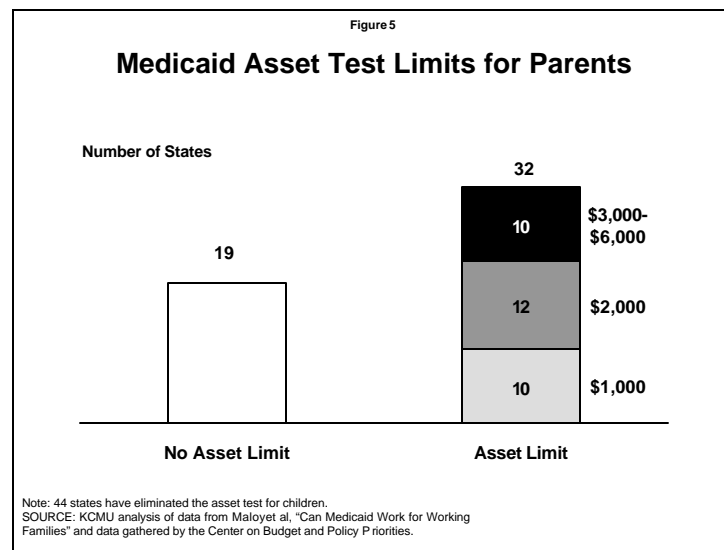
Even after states' earnings disregard policies are taken into account, the majority of states extend coverage to low-income working parents only if their income remains well below the poverty line.

- In 31 states, a working parent must earn less than the poverty line to be eligible for Medicaid coverage.
- The median income eligibility threshold for a working parent with two children to qualify for Medicaid is \$10,032 per year (69 percent of the poverty line in 2001).
- In many cases, a working parent must have earnings far below the poverty line to qualify for Medicaid. For example, a working parent in West Virginia can earn no more than \$4,116 a year and still qualify for Medicaid.

In sum, states have adopted more generous eligibility rules for working parents than for unemployed parents, but the vast majority of states continue to require working parents to have earnings well below the poverty line to qualify for Medicaid.

Medicaid Asset Levels for Parents

The 1996 federal welfare law gave states the flexibility to eliminate the asset test when evaluating parents' eligibility for Medicaid, and a growing number of states are taking advantage of this option. Nevertheless, as shown in Table 2 (see next page), the majority of states continue to require parents to meet an asset test to qualify for Medicaid or other publicly-subsidized coverage (Figure 5).



- Only a minority of states (19, including the District of Columbia) have eliminated the asset test for parents.³ Although far more states (44 states, including the

³ Three of these states – Minnesota, New York, and Vermont – continue to require families to meet an asset test to qualify for Medicaid under the family coverage category, but extend coverage to otherwise eligible parents who cannot meet the asset test through 1115 waiver programs.

Table 2

**Asset Test for Parents
(As of June, 2001)**

State	Asset Limit		Treatment of First Vehicle
	Asset Test 32 States	No Test 19 States	
Total			
AL	\$2,000		Disregard one vehicle
AK	\$1,000		Disregard one vehicle
AZ *		No Test	--
AR	\$1,000		Disregard one vehicle
CA	\$3,150		Disregard fair market value of up to \$4,650
CO	\$2,000		Disregard one vehicle
CT		No Test	--
DE		No Test	--
DC		No Test	--
FL	\$2,000		Disregard one vehicle with value up to \$8,500
GA	\$1,000		Disregard equity value of one vehicle up to \$4,650
HI	\$3,250		Disregard value of one vehicle up to \$4,500
ID	\$1,000		Disregard value of one vehicle up to \$1,500
IL		No Test	--
IN	\$1,000		Disregard equity value of one vehicle up to \$5,000
IA	\$2,000 applicants; \$5,000 for adult recipients		Disregard equity value of one vehicle up to \$3,959
KS *		No Test	--
KY	\$2,000		Disregard one vehicle
LA	\$1,000		Disregard equity value of one vehicle up to \$10,000
ME	\$2,000		Disregard one vehicle
MD	\$2,000		Disregard one vehicle
MA		No Test	--
MI	\$3,000		Disregard one vehicle
MN †	\$6,000		--
MS		No Test	--
MO		No Test	--
MT	\$3,000		Disregard one vehicle
NE	\$6,000		Disregard one vehicle
NV	\$2,000		Disregard one vehicle
NH	\$1,000		Disregard one vehicle
NJ		No Test	--
NM		No Test	--
NY *†	\$5,550		Disregard one vehicle; second car limit up to \$2,000
NC	\$3,000		Disregard one vehicle
ND *		No Test	--
OH		No Test	--
OK		No Test	--
OR	\$2,000		Disregard equity value of one vehicle up to \$10,000
PA		No Test	--
RI		No Test	--
SC		No Test	--
SD	\$2,000		Disregard one vehicle
TN	\$2,000		Disregard equity value of one vehicle up to \$4,650
TX	\$2,000		Disregard fair market value up to \$4,650
UT	\$3,025		Disregard equity value of one vehicle up to \$1,500
VT †	\$3,000		Disregard equity value of one vehicle
VA	\$1,000		Disregard equity value of one vehicle up to \$1,500
WA (state funded pgm.)	\$1,000		Disregard equity value of one vehicle up to \$5,000
WV	\$1,000		Disregard equity value of one vehicle up to \$1,500
WI *†		No Test	--
WY *		No Test	--

Note: States marked with (*) have eliminated their asset test since June of 2001. States marked with (†) have eliminated the asset test for parents who qualify for coverage under expansions implemented through 1115 waivers, but they have not eliminated it for parents who qualify for regular Medicaid coverage. Similarly, Washington State does not impose an asset test on parents who qualify for coverage under its state funded program, but does impose an asset test on those parents who qualify for regular Medicaid.

SOURCE: KCMU analysis of "Can Medicaid Work for Working Families" by Maloy et al and "Expanding Family Coverage: States' Medicaid Eligibility Policies for Working Families in the Year 2000" by Broadus et al. The Commission conducted its analysis of these two studies in conjunction with Elizabeth Schott, consultant to Mathematica Policy Research, Inc., and Matthew Broadus and Laura Cox with the Center on Budget and Policy Priorities.

District of Columbia) have eliminated the asset test for children under Medicaid, this figure nevertheless is significantly higher than a few years ago when only 11 states had eliminated the asset test for parents.

- Among the 32 states that continue to require parents to meet an asset test to qualify for coverage, the majority have increased the asset limit above \$1,000, the lowest level allowed under federal law. In most cases, they have not raised the limit above \$2,000 or \$3,000.
- Nine states continue to set their asset limits for parents at \$1,000, the lowest level allowed under federal law.

The “100-Hour Rule”

Under the 100-hour rule, the principal wage earner in a two-parent family must work fewer than 100 hours a month in order for the family to be eligible for coverage. This rule stems from “family composition” provisions included in the 1996 federal welfare law that states must use when evaluating eligibility for Medicaid under the family coverage category.⁴ However, a regulation issued in August of 1998 gave states the option to eliminate the 100-hour rule and the vast majority have done so. As of June 2001, 8 states -- Arkansas, Kentucky (for applicants), Louisiana, New Hampshire, North Dakota, Tennessee, Utah, and West Virginia -- maintained the 100-hour rule.⁵

The Application Process for Medicaid

A large and growing body of evidence indicates that low-income families are more likely to apply for Medicaid if they can do so using a simple, family-friendly application form and without being required to go to a welfare office. Some families, particularly those that believe they were treated poorly in the past when receiving cash welfare, may be more likely to apply for Medicaid if they perceive Medicaid as a health insurance program, rather than a welfare program. In addition, welfare offices are often inconvenient locations for parents to visit, particularly parents who have jobs during regular business hours.

As part of their efforts to reduce the number of uninsured low-income children, states in recent years have made enormous progress in simplifying the application forms and procedures that families use when seeking to enroll their children in Medicaid and SCHIP coverage. The vast majority of states now do not consider assets when evaluating children’s eligibility for coverage (44 states, including the District of Columbia), nor do

⁴ States with AFDC 1115 waivers that modified the family composition rules used to evaluate eligibility for cash welfare were given the option of applying these modified rules to their family coverage category under Medicaid.

⁵ In addition, Wisconsin continues to require families seeking Medicaid to meet the 100-hour rule to qualify for Medicaid under the family coverage category, but it extends coverage to otherwise eligible two-parent families who cannot meet the 100-hour rule through an 1115 waiver program.

they require families to go to a welfare office when applying for coverage on behalf of their children (47 states, including the District of Columbia).

The situation is somewhat different with respect to parents. A majority of states (28 states, including the District of Columbia) do now allow parents to apply for coverage using the same simplified forms as their children.^{6 7} Most of these 28 states added parents to their child health application forms after expanding eligibility for low-income parents. In fact, 17 of the 20 states that cover parents at 100 percent of the poverty line or higher allow parents to use a single, simplified form when applying for coverage for their children and themselves.

In close to half of states, however, parents cannot use the same simplified forms and procedures developed for children to apply for coverage on behalf of themselves. In these states, parents must use a separate set of procedures if they also want to apply for coverage. For example, they might be required to fill out a form that is for TANF, Food Stamps and Medicaid and/or they might be required to go to a welfare office for a face-to-face interview in order to secure coverage for themselves, contributing to the impression that Medicaid remains a welfare-related program rather than a health insurance program (Table 3, following page).

The differences in the application opportunities available for parents versus children in the same low-income families arises in part because states have long been required under federal law to allow children and pregnant women to apply for Medicaid coverage at sites outside of welfare offices, such as hospitals receiving disproportionate share hospital payments and federally qualified health centers. For purposes of this “outstationing requirement,” states were required to develop application forms which children and pregnant women can use to apply for Medicaid without also being required to apply for TANF and Food Stamps. In response to enactment of SCHIP in August of 1997 and the strong interest among states in recent years in enrolling more eligible children in Medicaid and SCHIP, states were spurred to make significant changes to their application forms and procedures for children. States have the same options under federal law to simplify their forms and procedures for families.

⁶ This information on application procedures for parents draws on work conducted for the KCMU by Donna Cohen Ross and Laura Cox of the Center on Budget and Policy Priorities, *Enrolling Children and Families in Health Coverage: The Promise of Doing More*, June 2002.

⁷ In some of these states, parents may need to submit supplemental forms to provide information required to evaluate their own eligibility for coverage, but not their children's.

Table 3

Application Procedures for Parents Seeking Medicaid

State	Can parents apply for coverage using the same, simplified application form as their children?	Can parents apply for coverage without visiting a welfare office or face-to-face interview?
Total	Yes: 28 No: 23	Yes: 35 No: 16
AL	No	No
AK	No	No
AZ *	Yes	Yes
AR	No	No
CA	No	Yes
CO	Yes	Yes
CT	Yes	Yes
DE *	Yes	Yes
DC	Yes	Yes
FL	No	No
GA	No	No
HI *	Yes	Yes
ID	Yes	Yes
IL	No	Yes
IN ⁱ	No	No
IA	No	No
KS	Yes	Yes
KY	No	No
LA	No	Yes
ME	Yes	Yes
MD	No	No
MA *	Yes	Yes
MI	No	Yes
MN *	Yes	Yes
MS	Yes	Yes
MO	Yes	Yes
MT	No	Yes
NE	No	No
NV	No	Yes
NH	No	No
NJ *	Yes	Yes
NM	Yes	Yes
NY * ⁱⁱ	Yes	No
NC	Yes	Yes
ND	Yes	Yes
OH	Yes	Yes
OK	Yes	Yes
OR *	Yes	Yes
PA	Yes	Yes
RI *	Yes	Yes
SC	No	Yes
SD	Yes	Yes
TN ⁱⁱⁱ	No	No
TX	No	No
UT	Yes	No
VT *	Yes	Yes
VA	No	Yes
WA	No	Yes
WV	No	No
WI *	Yes	Yes
WY *	Yes	Yes

Note: States marked with (*) have expanded coverage for low-income parents under Section 115 waiver demonstration programs using Medicaid and/or SCHIP funds. In all of these states, except New York, a parent can apply for regular Medicaid coverage and coverage under the state's demonstration program using the same form and without a face-to-face interview requirement. For New York's procedures, see the description in footnote ⁱⁱ.

SOURCE: Ross and Cox, *Enrolling Children and Families in Health Coverage: The Promise of Doing More*, Kaiser Commission on Medicaid and the Uninsured, June 2002.

ⁱ In Indiana, parents may be able to fulfill the interview requirement with a telephone interview.

ⁱⁱ In New York there are two applications that can be used by families to apply for regular Medicaid for their children and the state's SCHIP-funded separate state program (Child Health Plus). One of these two applications also can be used to apply for parent coverage under the state's regular Medicaid program and its Medicaid demonstration project, known as Family Health Plus, which expands coverage to more low-income parents and some adults without children under a Medicaid waiver. Parents found eligible for regular Medicaid must meet a face-to-face interview requirement which can be satisfied through contact with a community-based "facilitated enroller." Parents who are eligible for Family Health Plus must have a face-to-face interview at initial enrollment, but do not have to have an interview at renewal. The initial interview may be satisfied through a contact with a "facilitated enroller."

ⁱⁱⁱ Tennessee does allow parents applying for TennCare, the state's 1115 waiver program, to apply for coverage using the same application form as their children, but currently the state has shut enrollment in this program for most low-income parents.

Conclusion and Policy Implications

Five years after welfare reform, 20 states cover low-income working parents to 100 percent of the federal poverty line or higher. In these states, a mother with two children who works full time at a job that pays \$7 an hour can qualify for Medicaid (or, in some cases, other publicly-subsidized coverage), although in some of these states the coverage is time-limited. However, the story is less positive in other states:

- 31 states continue to offer Medicaid to low-income working parents only if they have income below the poverty line and, in many cases, far below the poverty line.
- Thirteen states limit Medicaid eligibility for working parents to below 50 percent of the federal poverty line. In these states, a low-income parent with two children working full time at minimum wage who does not have access to affordable, employer-based coverage is almost certain to be uninsured.
- The majority of states (32) continue to require families to meet an asset test to secure health coverage, despite eliminating this requirement for establishing children's coverage.
- In close to half the states, parents cannot use the same simplified forms and enrollment procedures developed for children to apply for their own coverage.

These findings raise important issues for policymakers to consider in the context of welfare reform reauthorization and as part of efforts to broaden health insurance for families working at low-wage jobs. Efforts to revamp Medicaid as a health insurance program for families distinct from welfare hold the promise of better care for low-income children and their parents, but the lessons learned from the progress made in increasing health coverage of children need to be applied to family coverage. Expanding eligibility levels, streamlining applications and renewals, and providing enhanced matching rates all contributed to gains in health coverage for low-income children.

Steps to improve family coverage include:

- assuring that eligibility rules do not penalize parents who are working hard to take care of their families by jeopardizing their health coverage,
- aligning enrollment and renewal procedures for parents with the streamlined processes generally in place for children so that parents do not lose out on coverage because of paperwork, do not lose time from work to apply for health coverage, and do not have to go to a welfare office to sign up,
- providing adequate financial resources to support family coverage.

The lack of employer-based health coverage for so many low-wage families heightens the importance of access to Medicaid. Health coverage plays a critical role for low-income working families by providing access to health care, helping parents to manage and address health problems, and enabling participation in the workforce. With one-third of all low-income parents uninsured, assuring meaningful health coverage for families with parents working at low-wage jobs, including families transitioning from welfare to work, is an important national and state priority.

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1450 G STREET NW, SUITE 250, WASHINGTON, DC 20005
PHONE: 202-347-5270, FAX: 202-347-5274,
WEBSITE: WWW.KFF.ORG

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